PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board Members
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2018 through December 31, 2108. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 23, 2019

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PICKAWAY COUNTY, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Pickaway Metropolitan Housing Authority as of December 31, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 19, 2019

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It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The net position decreased by $124,573 (or 3.75%) during 2018, and was $3,195,859 and $3,320,432 for 2018 and 2017, respectively.
- The revenue increased by $586,838 (or 14.27%) during 2018, and was $4,698,172 and $4,111,334 for 2018 and 2017, respectively.
- The total expenses increased by $120,255 (or 2.56%) during 2018. Total expenses were $4,822,745 and $4,702,490 for 2018 and 2017, respectively.

FINANCIAL STATEMENTS

The financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Position (formerly known as Statement of Net Assets), which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories (as applicable):

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets net of depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investments in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses. and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used by operating activities, non-capital financing activities, and capital and related financing activities.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Public Housing - Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans – Williamsport Terrace (WT) is a multiple family housing project funded by the United States Department of Agriculture (USDA). Each month a subsidy is paid to the Authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

Housing Choice Vouchers (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

HOME Investment Partnerships Programs – The Authority, when awarded, administers a tenant-based rental assistance component of the Community Housing Improvement Program (CHIP) on behalf of the City of Circleville. City funding comes from HUD.

PIH Family Self-Sufficiency Program (FSS) – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the HCV Program.

Business Activities (OBA) – This is the miscellaneous activities of the Authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

The Authority has previously adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68*, which significantly revises accounting for pension costs and liabilities. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

For fiscal year 2018, the Authority implemented GASB Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*. GASB 85 addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). These changes were incorporated in the Authority's fiscal year 2018 financial statements.

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of this pronouncement had the following effect on net position as reported at December 31, 2017:

Net Position December 31, 2017	$	3,817,885
Adjustments:		
Net OPEB liability		(504,007)
Deferred Outflow - Payments Subsequent to Measurement Date		6,554
Restated Net Position December 31, 2017	$	3,320,432

Increases and decreases related to pension and OPEB were realized in deferred inflows and outflows of resources and non-current liabilities noted on the Statements of Net Position below. These balances reported pursuant to the relatively new accounting standards, GASB 68 and 75 noted above, truly do not reflect an operating issue at the Authority but rather reflect changes at the Public Employees Retirement System. The standard requires the Authority to report on its financial statements what is determined to be its share of the unfunded pension and OPEB liability and related balances of the Ohio Public Employees Retirement System (OPERS). The concept behind the standards is for OPERS to resolve the unfunded pension and OPEB liability it has; it will impose an additional funding burden on the entities that contribute to it. State law mandates that employees of the Authority are participants in OPERS and that the Authority makes retirement contributions to OPERS on behalf of all of its employees.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability and OPEB liability. As explained above, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension and OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension and OPEB liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Authority is reporting a net pension and OPEB liability and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year

Table 1 - Condensed Statement of Net Position

	2018	2017 Restated
Assets		
Current Assets and Other	$ 1,497,534	$ 1,439,064
Capital Assets, Net	3,861,406	4,049,882
Total Assets	5,358,940	5,488,946
Deferred Outflow of Resources	194,260	450,748
Total Assets and Deferred Outflow of Resources	$ 5,553,200	$ 5,939,694
Liabilities		
Current Liabilities	$ 113,760	$ 173,486
Non-Current Liabilities - Pension and OPEB	1,071,970	1,653,955
Non-Current Liabilities - Other	811,103	773,774
Total Liabilities	1,996,833	2,601,215
Deferred Inflow of Resources	360,508	18,047
Net Position		
Net Investment in Capital Assets	3,106,191	3,283,763
Restricted	336,374	249,163
Unrestricted	(246,706)	(212,494)
Total Net Position	3,195,859	3,320,432
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 5,553,200	$ 5,939,694

Major Factors affecting the Statement of Net Position:

The change in Capital Assets, Net is detailed later in the MD&A discussion and the changes in pension and OPEB liability and deferred inflows and outflows of resources account for the major changes of net position for 2018.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in business-type activities:

Table 2 - Statements of Revenues, Expenses, and Changes in Net Position

	2018	2017
Revenues		
Tenant revenue - rents and other	$ 348,472	$ 333,332
Operating subsidies and grants	4,019,892	3,522,405
Capital grants	178,453	12,894
Investment income/other revenues	151,355	242,703
Total Revenues	4,698,172	4,111,334
Expenses		
Administration	685,546	758,797
Tenant services	579	24,010
Utilities	115,632	116,149
Maintenance	288,493	343,733
General/PILOT/Insurance	90,705	89,546
Housing assistance payment	3,197,608	2,978,451
Depreciation	400,934	372,404
Interest expense	10,725	11,731
Bad debt/fraud losses	32,523	7,669
Total Expenses	4,822,745	4,702,490
Changes in Net Position	(124,573)	(591,156)
Net Position - Beginning of Year	3,320,432	N/A
Net Position - End of Year	$ 3,195,859	$ 3,320,432

N/A - Information to restate 2018 beginning balance and 2017 OPEB expense related to implementation of GASB 75 is not available.

Major Factors affecting the Statement of Revenue, Expenses, and Changes in Net Position include:

Housing assistance grants increased due to higher lease-up activity creating more housing of low-income clients, which also increased HAP expenses. Operating and capital grants also increased, allowing renovations in the Authority's low-rent housing units.

CAPITAL ASSETS

As of the current fiscal year-end, the Authority had $3,861,406 invested in net capital assets as reflected in the following schedule, which represents a net decrease (additions less depreciation) of $188,475 from the end of last fiscal year.

Table 3 - Capital Assets at Fiscal Year-End, Net of Depreciation

	2018	2017
Land and land rights	$ 680,474	$ 684,414
Buildings	11,935,863	11,736,270
Equipment - administrative	206,134	189,327
Equipment - dwellings	144,813	144,814
Leasehold improvments	3,405	3,405
Accumulated depreciation	(9,109,283)	(8,708,349)
Total	$ 3,861,406	$ 4,049,881

The following reconciliations summarizes the change in capital assets. Capital fund projects were the main factors affecting a change in capital assets. See notes to the financial statements for more detail of the capital assets.

Table 4 - Change in Capital Assets

Beginning Balance	$ 4,049,881
Additions	212,459
Depreciation	(400,934)
Ending Balance	$ 3,861,406

DEBT OUTSTANDING

The Authority's debt is listed as current and long-term debt on the Statement of Net Position and is a loan in the Williamsport Terrace Project, a Rural Rental Housing Project. Total outstanding debt was $755,215 and $766,119 for 2018 and 2017, respectively.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

1. Federal funding of the U.S. Department of Housing and Urban Development.
2. Local labor supply and demand, which can affect salary and wage rates.
3. Local inflationary, recession, and employment trends, which can affect resident incomes and, therefore, the demand for housing assistance.
4. Inflationary pressure on utility rates, supplies, and other costs.
5. Market rates for rental housing

IN CONCLUSION

Pickaway Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Respectfully submitted,

Kim Hartinger
Executive Director

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

Assets	
Current Assets	
Cash and cash equivalents - unrestricted	$ 978,728
Cash and cash equivalents - restricted	389,332
Receivables, net	78,964
Prepaid expenses and other assets	50,510
Total Current Assets	1,497,534
Noncurrent Assets	
Capital assets:	
Non-Depreciable Capital Assets	680,474
Depreciable Capital Assets, Net	3,180,932
Total Noncurrent Assets	3,861,406
Deferred Outflows of Resources	
Pension	162,534
OPEB	31,726
Total Deferred Outflows of Resources	194,260
Total Assets and Deferred Outflow of Resources	$ 5,553,200
Liabilities	
Current Liabilities	
Accounts payable	$ 29,584
Accrued liabilities	30,378
Accrued interest	849
Intergovernmental payables	17,153
Tenant security deposits	23,896
Bonds, notes, and loans payable	11,900
Total Current Liabilities	113,760
Noncurrent Liabilities	
Bonds, notes, and loans payable	743,315
Accrued compensated absences non-current	38,726
Other Noncurrent Liabilities	29,062
Accrued pension liabilities	640,857
Accrued OPEB liabilities	431,113
Total Noncurrent Liabilities	1,883,073
Deferred Inflow of Resources	
Pension	258,632
OPEB	101,876
Total Deferred Inflow of Resources	360,508
Total Liabilities and Deferred Inflow of Resources	$ 2,357,341
Net Position	
Net Investment in Capital Assets	$ 3,106,191
Restricted net position	336,374
Unrestricted net position	(246,706)
Total Net Position	$ 3,195,859

See the accompanying notes to the financial statements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Operating Revenues	
Tenant revenue	$ 348,472
Government operating grants	4,019,892
Other revenue	145,101
Total Operating Revenues	4,513,465
Operating Expenses	
Administrative	685,546
Tenant services	579
Utilities	115,632
Maintenance	288,493
Insurance	47,442
PILOT	16,544
General	26,719
Housing assistance payment	3,197,608
Bad debts	32,523
Depreciation	400,934
Total Operating Expenses	4,812,020
Operating (Loss)	(298,555)
Non-Operating Revenues (Expenses)	
Interest and investment revenue	6,254
Interest expense	(10,725)
Total Non-Operating Revenue (Expenses)	(4,471)
(Loss) Before Grants	(303,026)
Capital Grants - HUD	178,453
Changes in Net Position	(124,573)
Total Net Position - Beginning of Year - Restated	3,320,432
Total Net Position - End of Year	$ 3,195,859

See the accompanying notes to the financial statements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities		
Operating grants received	$	4,019,892
Tenant revenue received		348,472
Other revenue received		158,884
General and administrative expenses paid		(1,211,076)
Housing assistance payments		(3,197,608)
Net Cash Used by Operating Activities		118,564
Cash Flows from Investing Activities		
Interest earned received		6,254
Net Cash Provided by Investing Activities		6,254
Cash Flows from Capital and Related Activities		
Capital grant funds received		178,453
Property and equipment purchased		(212,459)
Principal payment on debt		(10,904)
Interest payment		(10,725)
Net Cash (Used) by Capital and Related Activities		(55,635)
Change in Cash and Cash Equivalents		69,183
Cash and Cash Equivalents - Beginning of Year		1,298,877
Cash and Cash Equivalents - End of Year	$	1,368,060
Reconciliation of Operating Loss to Net Cash (Used) by Operating Activities		
Net operating (loss)	$	(298,555)
Adjustment to reconcile operating loss to net cash (used) by operating activities:		
Depreciation		400,934
(Increases) decreases in:		
Accounts receivables, net of allowance		13,783
Prepaid expenses and other assets		(3,070)
Deferred outflows of resources		(249,934)
Increases (decreases) in:		
Accounts payable		18,889
Accrued liabilities		(46,121)
Accrued interest		(94)
Intergovernmental payables		1,376
Tenant security deposits		(3,198)
Accrued compensated absence non-current		20,071
Accrued pension and OPEB liabilities		(77,978)
Deferred inflows of resources		342,461
Net Cash (Used) by Operating Activities	$	118,564

See accompanying notes to the financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The financial statements of the Pickaway Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds for the Authority over which the Authority is financially accountable.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to maintain its financial records for the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise Fund

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program (PH)is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program (CF), which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans – Williamsport Terrace (WT) is a multiple family housing project funded by the United States Department of Agriculture (USDA). Each month a subsidy is paid to the Authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this Program.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Enterprise Fund (Continued)

Housing Choice Vouchers (HCV) – Under the Housing Choice Voucher Program (HCV), the Authority subsidizes rents to landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Authority subsidizes the balance.

HOME Investment Partnerships Programs – The Authority, when awarded, administers a tenant-based rental assistance component of the Community Housing Improvement Program (CHIP) on behalf of the City of Circleville. City funding comes from HUD.

PIH Family Self-Sufficiency Program (FSS) – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the HCV Program.

Business Activities (OBA) – This is the miscellaneous activities of the Authority that currently include housing activities outside the scope of the conventional and Housing Choice Voucher programs. Management contracts for non-profit elderly projects.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Tenant Receivables – Recognition of Bad Debts
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant-related receivables at December 31, 2018 is $700.

Property and Equipment
Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is $5,000.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Property and Equipment (Continued)

Useful Lives	
Buildings	27.5-40 years
Buildings and Leasehold Improvements	15
Furniture and Equipment	7
Autos	5
Computers	3

Depreciation is recorded on the straight-line method.

Investments
Investments, if any, are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost.

Restricted Cash and Investments
Restricted cash and investments represent amounts received for the PH 5H Home Ownership Program, restricted HCV HAP monies, and WT Rural Rental Housing reserves.

Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Net Position
Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments. Restricted net position consists of PH 5-H funds of $255,042, HCV HAP funds of $5,386, and WT funds of $75,946.

Compensated Absences
Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit, however only 25%, up to a maximum of 160 hours, will be paid upon separation. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

Classifications
Some items in the financial statements have been classified differently than the FDS Schedules in the supplementary financial data.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Deferred inflow/outflow of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Pension and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2018, the Authority implemented Governmental Accounting Standards Board GASB Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*. GASB 85 addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of this pronouncement had the following effect on net position as reported at December 31, 2017:

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES** (Continued)

Net Position December 31, 2017	$	3,817,885
Adjustments:		
Net OPEB liability		(504,007)
Deferred Outflow - Payments Subsequent to Measurement Date		6,554
Restated Net Position December 31, 2017	$	3,320,432

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits
State statutes classify monies held by the Authority into three categories.

- Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

- Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

- Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The carrying amount of the Authority's deposits was $1,368,060, including $225 in petty cash, at December 31, 2018. The corresponding bank balances were $1,445,648. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, as of December 31, 2018, $750,000 was covered by federal depository insurance, while $695,648 was collateralized with eligible securities.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)
Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the federal reserve system, in the name of the respective depository banks, and pledged as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Book balances at December 31, 2018 were as follows:

	Cash and Cash Equivalents	Investments	Total
Unrestricted Cash and Cash Equivalents			
Public Housing	$ 440,969	$ 0	$ 440,969
Housing Choice Vouchers	461,553	0	461,553
Rural Rental Housing	10,173	0	10,173
Business activities	66,033	0	66,033
Total Unrestricted Cash and Cash Equivalents	$ 978,728	$ 0	$ 978,728
Restricted Cash and Cash Equivalents			
Tenant security deposits - PH	$ 14,607	$ 0	$ 14,607
Tenant security deposits - WT	5,837	0	5,837
Tenant security deposits - OBA	3,452	0	3,452
Rural Rental Housing	75,946	0	75,946
PH 5-H funds	255,042	0	255,042
HCV HAP funds	5,386	0	5,386
FSS funds	29,062	0	29,062
Total Restricted Cash and Cash Equivalents	$ 389,332	$ 0	$ 389,332

Investments
In accordance with the Ohio Revised Code and HUD regulations, the Authority is permitted to invest in certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)
Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement and investment policy specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2018, is as follows:

	Balance 12/31/17	Additions	Disposals/ Reclassifications	Balance 12/31/18
Capital Assets Not Being Depreciated				
Land	$ 684,414	$ 0	$ (3,940)	$ 680,474
Capital Assets Being Depreciated				
Buildings and improvements	11,723,377	195,652	16,834	11,935,863
Furniture and equipment - dwelling	144,813	0	0	144,813
Furniture and equipment - administrative	189,327	16,807	0	206,134
Leasehold improvements	3,405	0	0	3,405
Construction in progress	12,894	0	(12,894)	0
Total Capital Assets Being Depreciated	12,073,816	212,459	3,940	12,290,215
Accumulated Depreciation				
Buildings and improvements	(8,425,609)	(345,378)	0	(8,770,987)
Furniture and equipment - dwelling	(117,644)	(27,169)	0	(144,813)
Furniture and equipment - administrative	(164,528)	(28,160)	0	(192,688)
Leasehold improvements	(568)	(227)	0	(795)
Construction in progress	0	0	0	0
Total Accumulated Depreciation	(8,708,349)	(400,934)	0	(9,109,283)
Total Depreciable Capital Assets, Net	$ 3,365,467	$ (188,475)	$ 3,940	$ 3,180,932

NOTE 5: **ADMINISTRATIVE FEE**

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan. OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 62 with 5 years of service credit or Age 57 with 25 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 - 2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $85,293 for fiscal year ending December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005064%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.004085%
Change in Proportionate Share	-0.000979%
Proportionate Share of the Net Pension Liability/(Asset)	$ 640,857
Pension Expense	$ 98,447

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 76,587
Differences between expected and actual experience	654
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0
Authority contributions subsequent to the measurement date	85,293
Total Deferred Outflows of Resources	$ 162,534
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 137,583
Differences between expected and actual experience	12,630
Changes in proportion and differences between Authority contributions and proportionate share of contributions	108,419
Total Deferred Inflows of Resources	$ 258,632

$85,293 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2019	$ (449)
2020	(63,820)
2021	(60,586)
2022	(56,536)
2023	0
Thereafter	0
Total	$ (181,391)

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 1,137,999	$ 640,857	$ 226,391

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Net OPEB Liability (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in health care over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in health care over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required.

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess of the cost of the retiree's selected coverage were notionally credited to the retiree's RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member's available RMA balance.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority had no required contributions for fiscal year ending December 31, 2018.

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of total contributions relative to the total contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.004990%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.003970%
Change in Proportionate Share	-0.001020%
Proportionate Share of the Net OPEB Liability	$ 431,113
OPEB Expense	$ 3,810

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	$ 31,390
Differences between expected and actual experience	336
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0
Authority contributions subsequent to the measurement date	0
Total Deferred Outflows of Resources	$ 31,726
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 32,115
Changes in proportion and differences between Authority contributions and proportionate share of contributions	69,761
Total Deferred Inflows of Resources	$ 101,876

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2019	$ (26,213)
2020	(26,213)
2021	(9,696)
2022	(8,028)
2023	0
Thereafter	0
Total	$ (70,150)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Actuarial Cost Method	Individual Entry Age Normal

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
REITs	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate – A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
Authority's proportionate share of the net OPEB liability	$ 572,752	$ 431,113	$ 316,528

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the Authority's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 412,483	$ 431,113	$ 450,357

NOTE 8: COMPENSATED ABSENCES

At December 31, 2018, based on the vesting method, $48,408 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of $38,726 and short-term which is included in accrued liabilities of $9,682.

	Beginning Balance 12/31/17	Earned	Used	Ending Balance 12/31/18	Due in One Year
Compensated Absences Payable	$ 46,711	$ 40,419	$ (38,722)	$ 48,408	$ 9,682

NOTE 9 FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2018, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis.

NOTE 10: ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

NOTE 11: RISK MANAGEMENT

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductible and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$ 250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	100,000,000
Liability:		
General	0	2,000,000
Automobile	0	included
Public Officials	0	included
Law Enforcement	0	included
Professional Liability	5,000	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 12: LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the USDA under its Rural Housing Service. The following is a summary of activity occurring during 2018:

	Ending Balance 12/31/17	Additions	Payments	Ending Balance 12/31/18	Due in One Year
Mortgage					
Issued May 10, 1985					
Interest Rate 11.875%	$ 477,528	$ 0	$ 8,770	$ 468,758	$ 9,600
Rehab loan					
The Savings Bank Construction	288,591	0	2,134	286,457	2,300
	$ 766,119	$ 0	$ 10,904	$ 755,215	$ 11,900

NOTE 12: **LONG-TERM DEBT** (Continued)

Year	Principal	Interest	Total
2019	$ 12,105	$ 68,341	$ 80,446
2020	13,448	66,997	80,445
2021	14,952	65,493	80,445
2022	16,636	63,809	80,445
2023	18,522	61,923	80,445
2024-2028	129,910	272,319	402,229
2029-2033	226,109	176,119	402,228
2034-2038	108,829	60,339	169,168
2039-2043	30,905	46,274	77,179
2044-2048	38,928	38,250	77,178
2049-2053	49,035	28,144	77,179
2054-2058	61,765	15,414	77,179
2059-2061	34,071	1,937	36,008
Total	$ 755,215	$ 965,359	$ 1,720,574

Mortgage – Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accounts and the rental assistance requested.

Rehab loan – The maximum construction loan was $300,000. The current interest rate is 4.625%; the loan was finalized April 19, 2011. Monthly payments are $637.30.

NOTE 13: **ACCRUED LIABILITIES**

The following is the detail of accrued liabilities at December 31, 2018:

Accrued Payroll and Payroll Taxes	$ 20,696
Accrued Compensated Absences - Current	9,682
Total Accrued Liabilities	$ 30,378

NOTE 14: **LONG-TERM LIABILITIES**

The following is a summary of a long-term liabilities:

	Restated 1/1/2018	Additions	Deductions	Balance 12/31/2018	Due in One Year
Compensated Absences	$ 46,711	$ 40,419	$ (38,722)	$ 48,408	$ 9,682
FSS Escrow Liability	44,409	19,717	(35,064)	29,062	0
Debt	766,119	0	(10,904)	755,215	11,900
Net Pension Liability	1,149,948	0	(509,091)	640,857	0
OPEB Liability	504,007	0	(72,894)	431,113	0
Total Long-Term Liabilities	$ 2,511,194	$ 60,136	$ (666,675)	$ 1,904,655	$ 21,582

NOTE 15: **OPERATING LEASES**

In December 2015, the Authority entered into a lease agreement for a postage machine. Terms of the lease call for 60 monthly payments of $244 billed quarterly.

Future minimum payments for lease obligations for the years ending December 31 are:

2019	$ 2,928
2020	2,928
	$ 5,856

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004085%	0.005064%	0.005180%	0.004064%	0.004064%
Authority's Proportionate Share of the Net Pension Liability	$ 640,857	$ 1,149,948	$ 897,242	$ 498,921	$ 490,164
Authority's Covered Payroll	$ 558,692	$ 561,020	$ 552,569	$ 591,258	$ 601,615
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	114.71%	204.97%	162.38%	84.38%	81.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions										
Traditional Plan	$ 85,293	$ 72,630	$ 67,322	$ 66,308	$ 70,951	$ 78,210	$ 80,177	$ 76,078	$ 70,612	$ 62,501
Total Required Contributions	85,293	72,630	67,322	66,308	70,951	78,210	80,177	76,078	70,612	62,501
Contributions in Relation to the Contractually Required Contribution	(85,293)	(72,630)	(67,322)	(66,308)	(70,951)	(78,210)	(80,177)	(76,078)	(70,612)	(62,501)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 609,236	$ 558,692	$ 561,020	$ 552,569	$ 591,258	$ 601,615	$ 801,770	$ 760,780	$ 784,578	$ 735,306
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%

See accompanying notes to the required supplementary information

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS (1)

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.003970%	0.004990%
Authority's Proportion Share of the Net OPEB Liability	$ 431,113	$ 504,007
Authority's Covered Payroll	$ 582,868	$ 586,333
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	73.96%	85.96%
Plan Fiduciary Net Position as a Percentage of the Total Total OPEB Liability	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, information and additional years will be displayed as the information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)

	2018	2017	2016	2015
Contractually Required Contribution	$ 0	$ 5,829	$ 11,727	$ 11,695
Contributions in Relation to the Contractually Required Contribution	0	(5,829)	(11,727)	(11,695)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 609,236	$ 582,868	$ 586,333	$ 584,750
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00 percent to 7.50 percent, (b) the expected long-term average wage inflation rate was reduced from 3.75 percent to 3.25 percent, (c) the expected long-term average price inflation rate was reduced from 3.00 percent to 2.50 percent, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2018

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	440,969	10,173	461,553	66,033	-	978,728	-	978,728
113 Cash - Other Restricted	255,042	75,946	34,448	-	-	365,436	-	365,436
114 Cash - Tenant Security Deposits	14,607	5,837	-	3,452	-	23,896	-	23,896
100 Total Cash	710,618	91,956	496,001	69,485	-	1,368,060	-	1,368,060
125 Accounts Receivable - Miscellaneous	10,754	-	4,310	60,289	-	75,353	-	75,353
126 Accounts Receivable - Tenants	726	212	-	645	-	1,583	-	1,583
126.2 Allowance for Doubtful Accounts - Other	-	-	-700	-	-	-700	-	-700
127 Notes, Loans, & Mortgages Receivable - Current	1,684	1,044	-	-	-	2,728	-	2,728
120 Total Receivables, Net of Allowances for Doubtful Accounts	13,164	1,256	3,610	60,934	-	78,964	-	78,964
142 Prepaid Expenses and Other Assets	31,351	2,198	15,861	1,100	-	50,510	-	50,510
150 Total Current Assets	755,133	95,410	515,472	131,519	-	1,497,534	-	1,497,534
161 Land	560,154	15,000	-	105,320	-	680,474	-	680,474
162 Buildings	10,289,860	1,354,616	-	291,387	-	11,935,863	-	11,935,863
163 Furniture, Equipment & Machinery - Dwellings	130,869	-	-	13,944	-	144,813	-	144,813
164 Furniture, Equipment & Machinery - Administration	139,558	4,653	61,923	-	-	206,134	-	206,134
165 Leasehold Improvements	-	-	3,405	-	-	3,405	-	3,405
166 Accumulated Depreciation	-8,185,927	-698,774	-62,718	-161,864	-	-9,109,283	-	-9,109,283
160 Total Capital Assets, Net of Accumulated Depreciation	2,934,514	675,495	2,610	248,787	-	3,861,406	-	3,861,406
180 Total Non-Current Assets	2,934,514	675,495	2,610	248,787	-	3,861,406	-	3,861,406
200 Deferred Outflow of Resources	63,672	-	51,510	79,078	-	194,260	-	194,260
290 Total Assets and Deferred Outflow of Resources	3,753,319	770,905	569,592	459,384	-	5,553,200	-	5,553,200
312 Accounts Payable <= 90 Days	24,058	928	4,598	-	-	29,584	-	29,584
321 Accrued Wage/Payroll Taxes Payable	17,004	557	2,497	638	-	20,696	-	20,696
322 Accrued Compensated Absences - Current Portion	3,022	357	2,760	3,543	-	9,682	-	9,682
325 Accrued Interest Payable	-	849	-	-	-	849	-	849
333 Accounts Payable - Other Government	17,153	-	-	-	-	17,153	-	17,153
341 Tenant Security Deposits	14,607	5,837	-	3,452	-	23,896	-	23,896
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	11,900	-	-	-	11,900	-	11,900
310 Total Current Liabilities	75,844	20,428	9,855	7,633	-	113,760	-	113,760

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2018

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	743,315	-	-	-	743,315	-	743,315
353 Non-current Liabilities - Other	-	-	29,062	-	-	29,062	-	29,062
354 Accrued Compensated Absences - Non Current	12,090	1,424	11,040	14,172	-	38,726	-	38,726
357 Accrued Pension and OPEB Liabilities	409,353	-	312,217	350,400	-	1,071,970	-	1,071,970
350 Total Non-Current Liabilities	421,443	744,739	352,319	364,572	-	1,883,073	-	1,883,073
300 Total Liabilities	497,287	765,167	362,174	372,205	-	1,996,833	-	1,996,833
400 Deferred Inflow of Resources	144,147	-	108,127	108,234	-	360,508	-	360,508
508.4 Net Investment in Capital Assets	2,934,514	-79,720	2,610	248,787	-	3,106,191	-	3,106,191
511.4 Restricted Net Position	255,042	75,946	5,386	-	-	336,374	-	336,374
512.4 Unrestricted Net Position	-77,671	9,512	91,295	-269,842	-	-246,706	-	-246,706
513 Total Equity - Net Assets / Position	3,111,885	5,738	99,291	-21,055	-	3,195,859	-	3,195,859
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,753,319	770,905	569,592	459,384	-	5,553,200	-	5,553,200

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	261,184	33,324	-	30,960	-	325,468	-	325,468
70400 Tenant Revenue - Other	16,876	6,128	-	-	-	23,004	-	23,004
70500 Total Tenant Revenue	278,060	39,452	-	30,960	-	348,472	-	348,472
70600 HUD PHA Operating Grants	397,554	-	3,525,796	-	24,072	3,947,422	-	3,947,422
70610 Capital Grants	178,453	-	-	-	-	178,453	-	178,453
70800 Other Government Grants	-	72,470	-	-	-	72,470	-	72,470
71100 Investment Income - Unrestricted	105	106	1,026	338	-	1,575	-	1,575
71400 Fraud Recovery	-	-	9,405	-	-	9,405	-	9,405
71500 Other Revenue	8,895	2,366	21,928	102,507	-	135,696	-	135,696
72000 Investment Income - Restricted	4,679	-	-	-	-	4,679	-	4,679
70000 Total Revenue	867,746	114,394	3,558,155	133,805	24,072	4,698,172	-	4,698,172
91100 Administrative Salaries	97,035	16,767	153,980	67,671	18,072	353,525	-	353,525
91200 Auditing Fees	1,667	207	8,103	2,897	-	12,874	-	12,874
91400 Advertising and Marketing	-	53	3,631	579	-	4,263	-	4,263
91500 Employee Benefit contributions - Administrative	38,603	5,872	57,545	23,603	6,000	131,623	-	131,623
91600 Office Expenses	1,397	137	3,979	1,680	-	7,193	-	7,193
91700 Legal Expense	3,260	331	1,899	910	-	6,400	-	6,400
91800 Travel	5,008	175	1,351	303	-	6,837	-	6,837
91900 Other	27,648	13,287	78,587	43,309	-	162,831	-	162,831
91000 Total Operating - Administrative	174,618	36,829	309,075	140,952	24,072	685,546	-	685,546
92400 Tenant Services - Other	579	-	-	-	-	579	-	579
92500 Total Tenant Services	579	-	-	-	-	579	-	579
93100 Water	39,298	14,669	-	20	-	53,987	-	53,987
93200 Electricity	11,488	2,965	-	-	-	14,453	-	14,453
93300 Gas	7,029	852	-	13	-	7,894	-	7,894
93600 Sewer	39,298	-	-	-	-	39,298	-	39,298
93000 Total Utilities	97,113	18,486	-	33	-	115,632	-	115,632
94100 Ordinary Maintenance and Operations - Labor	81,400	7,119	-	7,878	-	96,397	-	96,397
94200 Ordinary Maintenance and Operations - Materials and Other	55,463	6,890	-	2,332	-	64,685	-	64,685
94300 Ordinary Maintenance and Operations Contracts	85,074	11,825	-	6,517	-	103,416	-	103,416
94500 Employee Benefit Contributions - Ordinary Maintenance	20,817	1,541	-	1,637	-	23,995	-	23,995
94000 Total Maintenance	242,754	27,375	-	18,364	-	288,493	-	288,493
96110 Property Insurance	26,070	2,521	-	1,251	-	29,842	-	29,842

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	Subtotal	ELIM	Total
96120 Liability Insurance	-	-	2,839	-	-	2,839	-	2,839
96140 All Other Insurance	12,056	-	2,705	-	-	14,761	-	14,761
96100 Total insurance Premiums	38,126	2,521	5,544	1,251	-	47,442	-	47,442
96210 Compensated Absences	13,419	1,800	11,500	-	-	26,719	-	26,719
96300 Payments in Lieu of Taxes	16,544	-	-	-	-	16,544	-	16,544
96400 Bad debt - Tenant Rents	28,199	4,324	-	-	-	32,523	-	32,523
96000 Total Other General Expenses	58,162	6,124	11,500	-	-	75,786	-	75,786
96710 Interest of Mortgage (or Bonds) Payable	-	10,725	-	-	-	10,725	-	10,725
96700 Total Interest Expense and Amortization Cost	-	10,725	-	-	-	10,725	-	10,725
96900 Total Operating Expenses	611,352	102,060	326,119	160,600	24,072	1,224,203	-	1,224,203
97000 Excess of Operating Revenue over Operating Expenses	256,394	12,334	3,232,036	-26,795	-	3,473,969	-	3,473,969
97300 Housing Assistance Payments	-	-	3,181,324	-	-	3,181,324	-	3,181,324
97350 HAP Portability-In	-	-	16,284	-	-	16,284	-	16,284
97400 Depreciation Expense	344,423	44,506	476	11,529	-	400,934	-	400,934
90000 Total Expenses	955,775	146,566	3,524,203	172,129	24,072	4,822,745	-	4,822,745
10010 Operating Transfer In	20,000	-	-	-	-	20,000	-20,000	-
10020 Operating transfer Out	-20,000	-	-	-	-	-20,000	20,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-88,029	-32,172	33,952	-38,324	-	-124,573	-	-124,573
11020 Required Annual Debt Principal Payments	-	11,000	-	-	-	11,000	-	11,000
11030 Beginning Equity	3,398,895	37,910	214,575	166,505	-	3,817,885	-	3,817,885
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-198,981	-	-149,236	-149,236	-	-497,453	-	-497,453
11170 Administrative Fee Equity	-	-	93,905	-	-	93,905	-	93,905
11180 Housing Assistance Payments Equity	-	-	5,386	-	-	5,386	-	5,386
11190 Unit Months Available	1,296	192	7,932	40	-	9,460	-	9,460
11210 Number of Unit Months Leased	1,272	185	6,800	40	-	8,297	-	8,297

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**	**Loan Balance**
U.S. Department of Housing and Urban Development			
Direct Awards:			
Public Housing Programs			
Public and Indian Housing Program	14.850	$ 377,554	$ 0
Public Housing Capital Fund	14.872	198,453	0
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	3,525,796	0
Total Housing Voucher Cluster		3,525,796	0
Resident Opportunity and Supporting Services - Service Coordinators	14.870	24,072	0
Total Direct Programs		4,125,875	0
Total U.S. Department of Housing and Urban Development		4,125,875	0
U.S. Department of Agriculture			
Direct Awards:			
Rural Rental Housing Loans	10.415	72,470	766,119
Total U.S. Department of Agriculture		72,470	766,119
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 4,198,345	$ 766,119

See the accompanying notes to the Schedule of Expenditures of Federal Awards

NOTE 1: **BASIS OF PRESENTATION**

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Pickaway Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pickaway Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pickaway Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

Pickaway Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 19, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 19, 2019

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Pickaway Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Pickaway Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

June 19, 2019

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

2018(i)	Type of Financial Statement Opinion	Unmodified
2018(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2018(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2018(v)	Type of Major Programs' Compliance Opinion	Unmodified
2018(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii)	Major Programs (list): Housing Choice Voucher Cluster: Section 8 Housing Choice Voucher Program - CFDA #14.871	
2018(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2018(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

The audit report for the audit period ending December 31, 2017, had no findings or management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER

PICKAWAY COUNTY METROPOLITAN HOUSING AUTHORITY

PICKAWAY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 6, 2019

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